

Service Date: November 30, 1993

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

\* \* \* \* \*

IN THE MATTER of US West	)	UTILITY DIVISION
Communications, Inc.'s Request For A	)	DOCKET N-93-46
Temporary Waiver of ARM 38.5.1104	)	ORDER NO. 5767

**ORDER**

FINDINGS OF FACT

1. On June 1, 1993, US West Communications filed a motion for a temporary waiver of ARM 38.5.1104, which prohibits utilities from consulting commercial credit records to determine the creditworthiness of an applicant for residential utility service.
2. US West requested the temporary waiver in order to implement a one-year trial of a credit screening procedure during which the company proposed to use credit information provided by a credit reporting agency to determine the creditworthiness of applicants for residential phone service who could not establish they had been previous customers in good standing with US West or another telephone company. US West cited the following as reasons for its proposal:
  - a. The level of uncollectible accounts in Montana demonstrates a need for additional credit screening;
  - b. When applicants' previous telephone service payment histories are unavailable, using commercial credit records to predict likelihood of payment is reasonable;
  - c. Data gathered during the proposed trial would be useful in determining whether or not there is a correlation between an applicant's commercial credit records and payment of

telephone bills.

3. At a regularly scheduled work session on August 24, 1993, the commission voted to deny US West's request for a temporary waiver of ARM 38.5.1104.

#### DECISION

4. US West requested a waiver of just one deposit rule (ARM 38.5.1104), but the company's proposed credit screening procedure would also violate ARM 38.5.1101, which allows applicants for residential service several means of establishing satisfactory credit, including employment history, home ownership, or furnishing a guarantor for the account. In order to implement the proposed credit screening procedure, US West would need to request and receive from the commission a waiver of ARM 38.5.1101.

5. It could be that the company's level of uncollectibles would be reduced if US West screened applicants as allowed by the existing deposit rules and required deposits of those who could not establish satisfactory credit. Since US West does not make full use of the tools available to the company under the existing deposit rules to assess an applicant's creditworthiness, the company cannot claim they are ineffective, nor would it be possible to make meaningful comparisons between US West's uncollectible levels under the existing rules and under the proposed credit screening procedure.

6. There is no information before the commission that demonstrates that a correlation exists between a customer's non-utility bill payment history and the likelihood of utility bill payment. In the absence of such data, the commission is not persuaded that an applicant's non-utility bill payment history is a reliable indicator of whether or not an applicant for utility service is likely to pay his utility bill, and that non-utility bill payment

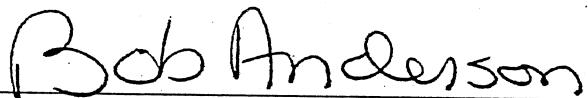
history should be allowed to be used to determine creditworthiness for residential utility service.

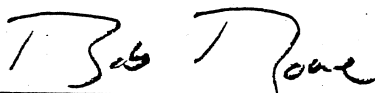
ORDER

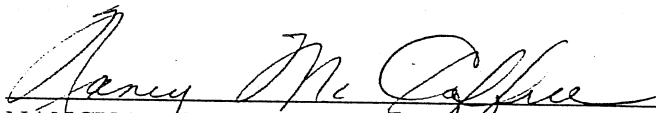
The request by US West for a temporary waiver of ARM 38.5.1104 is hereby denied.

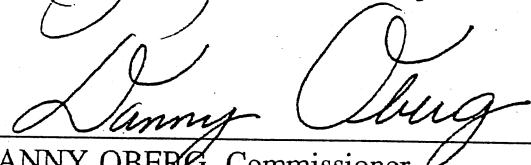
DONE AND DATED this 29th day of November, 1993, by a vote of 4 - 1.

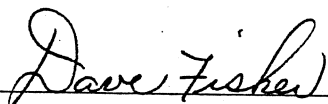
BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

  
BOB ANDERSON, Chairman


  
BOB ROWE, Vice Chairman

  
NANCY McCAFFREE, Commissioner

  
DANNY OBERG, Commissioner

  
DAVE FISHER, Commissioner (dissented; no written dissent)

ATTEST:

  
Kathlene M. Anderson  
Commission Secretary

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days.  
See 38.2.4806, ARM.

(SEAL)